



Proxy Voting Report

Period: January 01, 2023 - March 31, 2023

Votes Cast	295	Number of meetings	32
For	226	With management	213
Withhold	0	Against management	39
Abstain	18	N/A	43
Against	51		
Other	0		
Total	295	Total	295

In 60% of meetings we have cast one or more votes against management recommendation.

General Highlights

Board quality in focus

Recent years have dramatically altered the corporate governance landscape as public company directors faced unique challenges including the COVID-19 pandemic, Russia's invasion of Ukraine, soaring energy prices, and a cost-of-living crisis. This shift placed a renewed focus on board quality, as both investors and regulators directed significant scrutiny towards the directors' efforts to navigate these turbulent times. Against this backdrop, regulators rolled out several initiatives aimed at strengthening board composition and director accountability.

In the US, proxy fights entered a new era of universal proxy cards. The new rules adopted by the Securities and Exchange Commission enable shareholders voting remotely in contested elections to vote for a combination of candidates from the competing slates put forward by the dissident shareholder and the incumbent board, as they could if voting in person. The ability of shareholders voting by proxy to cherry-pick candidates will overhaul the mechanisms by which proxy fights were carried out in the US thus far, rendering individual board members more susceptible to removal and placing them under increased scrutiny.

On the other side of the Atlantic, the collapse of financial service provider Wirecard prompted Germany to adopt the Act on Strengthening the Financial Market Integrity, which sets stricter requirements for the governance of listed firms. Most notably, it requires that audit committees comprise two financial experts, one with expertise in accounting and one with expertise in auditing. Furthermore, the new rules also provide that management board members may attend meetings between the auditor and the supervisory board or its committees only if their attendance is deemed essential.

In the UK, we see a continued push for more robust board diversity. In April 2022, the country's Financial Conduct Authority released new rules "to boost disclosure of diversity on listed company boards". These rules require companies to annually disclose whether they meet a set of three specified targets on a "comply or explain" basis. In line with the new provisions, women should make up at least 40% of the board and should hold at least one of the senior board positions, while at least one member of the board should come from an ethnic minority background.

At the same time, Asian markets are witnessing a trend of increased focus on board quality as well. Recently, in January 2023, the Monetary Authority of Singapore amended the country's corporate governance code to limit the tenure of independent directors to nine years. Before this change, directors could continue to be deemed independent after having served on the board for nine years if their appointment was approved via a two-tier vote from all shareholders, as well as from all shareholders excluding the company's directors, CEO and their associates. The regulator noted that the two-tier vote mechanism had been heavily used to retain long-serving independent directors, "inhibiting board renewal and progression on board diversity."

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